

# Senate Study Bill 3190

SENATE JOINT RESOLUTION \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS RESOLUTION  
BY CO=CHAIRPERSON ZIEMAN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## SENATE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution of  
2 the State of Iowa to require approval by vote of the people  
3 before certain tax or fee increases take effect.  
4 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 6406SK 81  
6 sc/sh/8

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1 1 Section 1. The following amendment to the Constitution of  
1 2 the State of Iowa is proposed:  
1 3 The Constitution of the State of Iowa is amended by adding  
1 4 the following new sections to new Article XIII:  
1 5 ARTICLE XIII  
1 6 PEOPLE'S RIGHT TO VOTE ON TAX OR FEE INCREASES  
1 7 PEOPLE'S RIGHT TO VOTE ON TAX OR FEE INCREASES. SECTION 1.  
1 8 If all tax and fee increases adopted in a fiscal year would  
1 9 produce new annual revenue exceeding one percent of total  
1 10 state general fund revenue received in the preceding fiscal  
1 11 year, excluding transfers from other state funds, the  
1 12 increases shall be submitted to the electors, starting with  
1 13 the largest increase and including increases in descending  
1 14 order, except the remaining increases that total one percent  
1 15 or less. All increases of any one tax or fee shall together  
1 16 be regarded as one increase. An adopted tax or fee increase  
1 17 required by this article to be submitted to the electors shall  
1 18 take effect only if submitted to the electors at the next  
1 19 state general election and approved by a majority of the  
1 20 electors voting thereon.  
1 21 APPLICATION. SEC. 2. In this article:  
1 22 1. "Local governments" includes all political  
1 23 subdivisions.  
1 24 2. "Increase" includes, but is not limited to, imposing a  
1 25 new tax or fee; raising a rate or amount; repealing, reducing,  
1 26 or delaying an exemption, deduction, credit, exclusion,  
1 27 reduction, or indexing requirement; or broadening the base or  
1 28 scope of a tax or fee in any way.  
1 29 3. "Increase" includes legislation that allows or requires  
1 30 one or more local governments, with or without approval by  
1 31 local electors, to impose or increase any tax on income,  
1 32 sales, or property, but excludes legislation in which the only  
1 33 subject matter is establishment of the state percentage of  
1 34 growth for school foundation aid.  
1 35 4. "Increase" of property tax includes legislation that  
2 1 has the effect of reducing total state funds transferred to  
2 2 all local governments in a fiscal year in comparison with the  
2 3 preceding fiscal year, taking into account all legislation  
2 4 increasing or reducing such transfers.  
2 5 5. "Increase" of property tax includes legislation that  
2 6 has the effect of requiring local governments to incur  
2 7 aggregate net cost increases in a fiscal year, after deducting  
2 8 increased transfers of state funds for the express purpose of  
2 9 offsetting those cost increases. Such increased transfers  
2 10 shall be deducted under this subsection and not under  
2 11 subsection 4.  
2 12 6. "New annual revenue" means the estimated net increase  
2 13 over the fiscal year preceding adoption in total state general  
2 14 fund revenue produced by the total of all tax and fee  
2 15 increases adopted in a fiscal year, less estimated refunds

2 16 payable as a result of the increases, all as estimated for the  
2 17 fiscal year in which all such increases are adopted, as if all  
2 18 such increases and refunds were fully effective and entirely  
2 19 implemented for that full fiscal year. Actual amounts, if  
2 20 known, shall be used instead of estimates.

2 21 7. "Adopted" or "adoption" means that after 2006, a bill  
2 22 has been passed and all requirements of article III have been  
2 23 met, so that the bill would become law except for the  
2 24 requirements of this article.

2 25 8. This article does not apply to taxes and fees subject  
2 26 to article VII, sections 5 and 8.

2 27 EMERGENCY. SEC. 3. A temporary exception to the preceding  
2 28 requirements of this article shall be allowed only to this  
2 29 extent and only if all these conditions are met: (1) the  
2 30 Governor requests the General Assembly to adopt an emergency  
2 31 tax increase for only one specified fiscal year; (2) the  
2 32 request specifically states the nature of the emergency, the  
2 33 expenditures needed to respond to the emergency, and the  
2 34 proposed tax increase to pay for the emergency expenditures  
2 35 for that year; and (3) a law declaring an emergency and  
3 1 providing an emergency tax increase in accordance with the  
3 2 Governor's specific request is passed by a vote of two-thirds  
3 3 of all the members elected to each branch of the General  
3 4 Assembly and is approved by the Governor. Such law shall not  
3 5 be passed more than four months prior to the fiscal year to  
3 6 which it applies. Such law must be enacted prior to  
3 7 obligating any requested emergency expenditures.

3 8 ENFORCEMENT. SEC. 4. Any citizen or taxpayer may, within  
3 9 two years after a tax or fee increase is adopted, bring suit  
3 10 to enforce compliance with this article. If no such suit is  
3 11 filed within the two-year period, the elector approval  
3 12 requirement for that tax or fee increase is negated. The  
3 13 Supreme Court shall have original jurisdiction of any such  
3 14 suit. The Supreme Court shall invalidate any increase which  
3 15 should have been, but was not, submitted to the electors as  
3 16 required by this article and shall order that the revenue  
3 17 collected in violation of this article be refunded or applied  
3 18 to reduce future taxes. A citizen or taxpayer who brings suit  
3 19 and prevails shall receive from the state the costs of the  
3 20 suit, including reasonable attorney fees.

3 21 IMPLEMENTATION. SEC. 5. This article shall be interpreted  
3 22 and implemented to achieve its purpose to increase the  
3 23 electors' control of taxes and fees. The General Assembly  
3 24 shall enact laws to implement this article.

3 25 Sec. 2. SUBMISSION TO PEOPLE AT GENERAL ELECTION. The  
3 26 foregoing proposed amendment, having been adopted and agreed  
3 27 to by the 80th General Assembly, 2004 Session, thereafter duly  
3 28 published, and now adopted and agreed to by the 81st General  
3 29 Assembly in this joint resolution, shall be submitted to the  
3 30 people of the State of Iowa at the general election in  
3 31 November of the year 2006 in the manner required by the  
3 32 Constitution of the State of Iowa and the laws of the State of  
3 33 Iowa.

#### 3 34 EXPLANATION

3 35 This joint resolution proposes an amendment adding a new  
4 1 Article XIII to the Constitution of the State of Iowa, giving  
4 2 the people of Iowa the right to vote on certain adopted  
4 3 increases of taxes and fees, so that the increases will not  
4 4 take effect unless approved by majority vote at a state  
4 5 general election.

4 6 The amendment requires that a law or laws increasing any  
4 7 taxes or fees that would result in new annual revenue of more  
4 8 than 1 percent of total state general fund revenue received in  
4 9 the fiscal year preceding enactment of the law or laws must  
4 10 receive voter approval at a state general election. The  
4 11 amendment defines "new annual revenue". The amendment also  
4 12 defines "increase". This definition includes legislation that  
4 13 allows or requires a local government to impose or increase  
4 14 any tax on income, sales, or property; legislation that has  
4 15 the effect of reducing total state funds transferred to all  
4 16 local governments; and legislation that requires local  
4 17 governments to incur aggregate net cost increases in a fiscal  
4 18 year.

4 19 The amendment allows the general assembly, at the  
4 20 governor's request and by two-thirds vote, to increase taxes  
4 21 in emergency situations.

4 22 The amendment allows any citizen or taxpayer to bring suit  
4 23 to enforce compliance with the voter approval requirement  
4 24 within two years of adoption of a tax or fee increase. The  
4 25 amendment also provides that the general assembly shall enact  
4 26 laws to implement the amendment.

4 27       The resolution is being considered for adoption by the  
4 28 second consecutive general assembly. The resolution, if  
4 29 adopted, will be submitted to the voters for ratification.  
4 30 LSB 6406SK 81  
4 31 sc:rj/sh/8